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RESTRUCTURING PAPER

ON A

**PROPOSED PROJECT RESTRUCTURING
OF**

**JIANGXI INTEGRATED AGRICULTURAL MODERNIZATION PROJECT
(LOAN NUMBER 4720-CHA)
(PROJECT DATE: MARCH 8, 2004)**

**IN THE INITIAL AMOUNT OF
(US\$ 100 MILLION)**

AND

**A RESTRUCTURED AMOUNT OF
(US\$ 100 MILLION)**

TO THE

PEOPLE'S REPUBLIC OF CHINA

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ABBREVIATIONS AND ACRONYMS

JIAMP	Jiangxi Integrated Agriculture Modernization Project
RP	Restructuring Paper
PMO	Project Management Office

Vice President:	Mr. James W. Adams, EAPVP
Country Director:	Mr. Klaus Rohland, EACCF
Sector Managers:	Mr. Ede Jorge Ijjasz-Vasquez, EASCS Ms. Magda Lovei, EASER
Task Team Leader:	Mr. Ximing Zhang, EASCS

A. Project Datasheet

Date: May 5, 2010	Team Leader: Ximing Zhang								
Country: China	Sector Manager: Ede Jorge Ijjasz-Vasquez								
Project Name: Jiangxi Integrated Agricultural Modernization Project	Country Director: Klaus Rohland								
Project ID: P065463	Environmental screening category: B								
Borrower: People's Republic of China									
Responsible Agency: Jiangxi Provincial Planning and Development Commission, Jiangxi Provincial Agriculture Foreign Fund Utilizing Office									
Revised Estimated Disbursement (FY/US\$ m)									
FY	10								
Annual	20								
Cumulative	100								
Current Closing Date:	June 30, 2010								
Revised Closing Date:	June 30, 2010								
Does the restructured project require any exceptions to Bank Policies?	<input type="radio"/> Yes <input checked="" type="checkbox"/> No								
Have these approved by the Bank management?	<input type="radio"/> Yes <input checked="" type="checkbox"/> No								
Is approval for any policy exception sought from the Board?	<input type="radio"/> Yes <input checked="" type="checkbox"/> No								
The restructuring is consistent with the original Project Development Objective which is to improve the livelihood of rural households in Jiangxi Province through establishment of integrated, economically and environmentally sustainable, and market-driven agricultural production systems focusing on productivity and agricultural output of high quality and value. Improved livelihood is defined as increased income; reduced risks; increased employment, in particular of women; and improved access to irrigation and drainage, technologies, information, training, and markets.									
Does the restructured project trigger any new Safeguard Policies? No									
Revised Financing Plan (US\$m)									
Source	Local	Foreign	Total						
Borrower	52.35	0	52.35						
International Bank for Reconstruction and Development	68.41	31.59	100.00						
Local Beneficiaries	7.07	0	7.07						
Total:	127.83	31.59	159.42						

B. The Proposed Reallocation

<u>Category</u>	Amount of the Loan Allocated <u>(Before)</u>	Amount of the Loan Allocated <u>(After)</u>	% of Expenditures to be Financed <u>(No change)</u>
(1) Works	75,750,000	87,734,350	68%
(2) Goods	8,660,000	5,966,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 75% of local expenditures for other items procured locally
(3) Consultants' services	8,870,000	4,801,400	85%
(4) Training and study tours	2,390,000	411,900	100% of foreign expenditures and 85% of local expenditures
(5) Farm Production Sub-loans	3,330,000	86,350	75%
(6) Front-end fee	1,000,000	1,000,000	Amount due under Section 2.04 of Loan Agreement
	<u>100,000,000</u>	<u>100,000,000</u>	

C. Project Implementation Status and Reasons for Restructuring

Jiangxi Integrated Agricultural Modernization Project (JIAMP) was approved on November 20, 2003 and became effective on May 14, 2004. The closing date is June 30, 2010. The project development objective is to improve the livelihood of rural households in Jiangxi Province through establishment of integrated, economically and environmentally sustainable, and market-driven agricultural production systems focusing on productivity and agricultural output of high quality and value. Project performance to date is satisfactory (See ISR No.9 dated April 3, 2010) with all covenants complied with, including those related to fiduciary and safeguard issues. By the end of 2009, the project had completed US\$156.55 million of investment (98.2% of total project cost of US\$159.42 million); disbursements from the Bank loan, as of January 8, 2010 were US\$86.9 million (86.9%).

The proposed reallocation is necessary to enable the participating local governments to utilize the substantial savings in various categories to carry out additional works, as explained below:

1. Categories with Reduced Allocations (Total Reduction of \$11,984,350)

- a. *Goods (Reduction of \$2,694,000)* – Jiangxi Province has decided to reduce procurement of vehicles, equipment for training farmers, equipment for farm marketing and agro-enterprises. These reductions will not have a negative impact on achieving the PDO.
- b. *Consulting services (Reduction of \$4,068,600)* - The cost for irrigation scheme design was far less than originally budgeted, and some county governments used their own funds for dam safety review.
- c. *Training and Study Tours (Reduction of \$1,978,100)* - After the Wenchuan earthquake, the Government decided to restrict overseas study tours and training; these were partially replaced by in-country training and study tours. These reductions will not have a negative impact on achieving the PDO.
- d. *Farm Production Sub-Loans (Reduction of \$3,243,650)* – Demand for these sub-loans has been much lower than envisaged at appraisal. This is a small component of the project, and the reduction will not have a negative impact on achieving the PDO.

2. Category with Increased Allocation (Total Increase of \$11,984,350)

- a. *Works (Increase of \$11,984,350)* - Jiangxi Province would like to use loan savings as a result of the above for the construction of additional farm irrigation schemes, and thus contribute to increasing project benefits to farmers. The additional works will be completed by the June 30, 2010 closing date.